

JULY 31, 2023

Answering Your Kids' Toughest Money Questions

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Kids ask tough questions about money. It's how they learn. As a parent, these are teachable moments that offer a chance to impart some financial wisdom to them.

Start by asking them questions for clarification. After all, "Why does a lawyer always answer a question with a question?" Answer: "Why shouldn't a lawyer answer a question with a question?"

While you want to be forthright with them, you both learn more by asking questions. This gives you perspective on why they are asking and helps them develop critical thinking abilities. Consider these types of clarifying questions:

- Why do you ask?
- What do you mean by that?
- What does "rich" mean to you?
- What do you think you'll do for work when you get older?
- How do your friends spend their money?

Even with the best questions, you'll still want to be prepared with some answers of your own. Think of answering honestly, but age-appropriately. Here are some of the more common questions we hear:

Are we rich?

Explain that being "rich" means different things to different people and that you are very fortunate to have the resources that you do. This is also a great time to remind them that wealth is not the only indicator of happiness or success and that you value many other things in life such as our relationships, experiences, and personal growth.

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Can I have (expensive item)?

Explain that even wealthy families have budgets and that not all expenses are justifiable. You can also use this as an opportunity to discuss the importance of making wise financial decisions and understanding the true value of money.

How much money do you make?

"None of your business" is a possible response, but not the appropriate one. Disclosing a number isn't usually wise either. Explain that most adults don't share how much money they make. Use this as an opportunity to talk to your child about the importance of a healthy relationship with money. Understanding its role in our lives can help them make wise decisions as they grow up.

Why can't we go on a big vacation like my friend's family?

Explain that different families have different priorities and financial situations. While it may not be possible to go on a big vacation at the moment, you can focus on making other fun memories and experiences together as a family.

How much does our house cost?

It's not necessary to disclose the specific cost of your home. You can explain that owning a home is an important investment and that you are working hard to make sure it's a safe and comfortable place for your family to live.

Can I have an allowance?

If you decide to give your child an allowance, explain that it's important to use it wisely and to save some of it for future goals. You can also talk about ways they can earn extra money by doing chores or other tasks around the house.

What would happen if you lost your job?

It's important to reassure your child that even if a challenging situation were to arise, you would find a way to get through it together as a family. Additionally, it can be helpful to use this as an opportunity to teach your child about the importance of saving money and having an emergency fund, as well as the value of resilience and adaptability in the face of adversity.

Remember that the key to answering tough money questions is to be honest, open, and sensitive to your child's age and maturity level. By having these conversations early and often, you can help your child develop a healthy and positive relationship with money that will serve them well throughout their lives.




Material was prepared by Oechsli.

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